

Things to consider if you receive a National Redress (NRS) payment

Protected payments

Redress payments are protected from Commonwealth Government Debt Recovery processes (such as Centrelink and tax debts, Child Support and HELP debts) and State Government debt recovery (such as fines).

Bank account

It is important that you open a new fee free bank account in your own name for the money to be paid into. This will allow the banks to clearly identify the redress payment and give it the protections that it is entitled to.

Centrelink

Redress payments are not included as income for Centrelink purposes, but they are regarded as assets.

Centrelink must be notified within 14 days of the amount being paid into your bank account. This should be recorded by Centrelink as an **'exempt lump sum'**.

As the money is spent, you should let Centrelink know that the balance in your bank account has decreased.

Asset test and deeming rates apply.

Public housing

In all states redress payments are exempt from assets tests for social and public housing, although interest earned on the redress payments will be counted as income when calculating rent. This means that rent you pay for public and social housing will increase by a small amount.

Deeming

Centrelink assumes that any money or shares and investments (financial assets) earn a set amount of income. This is referred to as deeming.

Deeming will be calculated on redress payments, as well as other financial assets.

From 1 July 2020, the following rates will be used to work out the deemed income:

- Single Person: Deeming rate is 0.25% on the first \$53,000 and 2.25% on the remainder.
- Couple (where at least one person receives a Centrelink payment): Deeming rate is 0.25% on the first \$88,000 and 2.25% on the remainder.

Tax

Redress payments are not taxable.

Insurance

Generally, a redress payment will not affect insurance payments such as Life Insurance, Trauma and TPD (Total and Permanent Disability) payments

NDIS

Redress payments do not affect NDIS.

Gifting rules

Centrelink limits the amount that can be given away to \$10,000 per year (and no more than \$30,000 over five years) before it may affect Centrelink incomes.

Debts or fines

Although there are laws in place to offer protections around the redress payment, any debts or fines should be dealt with before you accept an offer. A Financial Counsellor can help you to work through your options to manage these.

Financial Counselling

If you receive an offer from the National Redress Scheme, a knowmore financial counsellor is able to discuss your current situation and how the redress payment may impact you.

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